Notes from the Consumer Financial Services Committee July 25, 2003

Next Meeting Where
Lanai Deck
Anaheim Hilton Hotel
777 Convention Way
Harbor Blvd. south of Katella
Anaheim

★Roland Reynolds appointed Chair of CFSC for 2003-2004!

Our State does not yet have a budget, our Governor is in danger of being recalled, but the Consumer Financial Services Committee marches on! The June meeting of the CFSC was attended, via telephone conference, by Scott Palmer, Nancy Ramirez, Roland Reynolds, Elise Ross, Alicia Tortarolo and Liz Huber. We are proud to announce that Roland Reynolds will serve as the Committee's next chair, starting with the October meeting.

CFSC Reception: The Consumer Financial Services Committee will host a reception at the State Bar Annual Meeting at the Anaheim Hilton Hotel on Friday, September 5th, 6-8 pm. Alicia Tortarolo and Roland Reynolds have agreed to serve as co-hosts. Personal invitations will be mailed to all Business Law Section standing committee members, Executive Committee Members, and BLS ad hoc committee members. Our Section Administrator, Susan Orloff, has arranged to have an *e-blast* sent to Southern California BLS members. We anticipate a good turn-out.

The State Bar has planned many wonderful programs and speakers for that Annual Meeting weekend, including a Friday morning presentation by Department of Corporations Commissioner Boutris – "Making the Financial Services Marketplace Work for Everybody." You need not register for the Annual Meeting, however, to attend our reception. Food and beverages will be free (pay parking is available next to the hotel). Our work in building membership continues, and we hope to make some good contacts at the Reception.

Privacy: As reported in our May *Notes*, our Committee has been recruited to help identify all existing laws and regulations in California that would be impacted by, or impact upon, or conflict with, a new privacy law. Enclosed is a list we've compiled. There are likely many more California statutes we've yet to identify, and if you are aware of any not on our list, please e-mail your chair (ehuber@hudco.com). As everyone knows by now, SB 1 failed to pass out of Committee – see enclosed article (who gossips more than politicians?). The Online Privacy Protection Act of 2003 (Simitian), AB 68, is on its way to passage (copy enclosed). It appears that Senator Liz Figueroa's bill, SB 27, on notification to consumers upon disclosure of personal information to direct marketers, made it out of committee in time to be considered on the Assembly floor.

Federal FCRA Preemption: The House Financial Services Subcommittee on Financial Institutions, by a vote of 41-0, passed HR 2622 (copy enclosed) on July 16th. The Fair and Accurate Credit Transactions Act would, among other things, extend the preemption provisions

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of the Fair Credit Reporting Act scheduled to expire on December 31, 2003. The Subcommittee also passed four amendments to the bill by voice vote. One amendment, offered by Rep. Gary Ackerman (D-NY) would require any financial institution that provides negative information about a consumer to a credit reporting agency to notify the consumer within 30 days. The amendment would require the Federal Reserve Board to create a model disclosure that financial institutions could use when notifying consumers of negative information. We already have one here in California, Cal. Civ. Code § 1785.26: "As required by law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligation."

Amendments to Address Verification Procedures: California AB 1610 has been chaptered. Any person who uses a consumer credit report in connection with the approval of credit based on an application for an extension of credit, and who discovers that the consumer's first and last name, address, or social security number, on the credit application does not match, within a reasonable degree of certainty, the consumer's first and last name, address, or social security number listed, if any, on the consumer credit report, must take reasonable steps to verify the accuracy of the consumer's first and last name, address, or social security number provided on the application to confirm that the extension of credit is not the result of identity theft, as defined in Cal. Civ. Code Sec. 1798.92. See revised Cal. Civ. Code Sec. 1785.20.3. The amended law becomes effective January 1, 2004.

Other Items of Interest: The Federal Reserve Board announced that it has issued Spanishlanguage translations of two popular consumer brochures on adjustable rate mortgages and home equity lines of credit. Go to: www.federalreserve.gov/pubs/arms/arms_spanish.htm.

The July 10th and July 18th editions of the Sacramento Scene bulletin are enclosed.

Upcoming Events: (1) CFSC Monthly Meeting - September 25; (2) CFSC Meeting and Dinner, Thursday, December 11 (location tbd); (3) Section Education Institute in Santa Monica January 23-25, 2004.

See you in Anaheim on September 5th!

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